

VZCZCXRO3920
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #4715/01 2820454
ZNR UUUUU ZZH
P 090454Z OCT 07
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 8346
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 6005
RUEHFK/AMCONSUL FUKUOKA 3594
RUEHOK/AMCONSUL OSAKA KOBE 7256
RUEHNAG/AMCONSUL NAGOYA 2504
RUEHKSO/AMCONSUL SAPPORO 4305
RUEHBJ/AMEMBASSY BEIJING 9384
RUEHUL/AMEMBASSY SEOUL 5440
RUCNDT/USMISSION USUN NEW YORK 6295

UNCLAS SECTION 01 OF 18 TOKYO 004715

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/09/07

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's holiday weekend schedule (Nikkei)

Politics in turmoil:

- 4) Fierce clash to begin today in the Lower House between ruling and opposition camps, with LDP to stress importance of continuing anti-terror operations (Yomiuri)
- 5) Democratic Party of Japan (DPJ) to pursue ruling camp today in Diet on alleged diversion of refueled oil, new anti-terror bill (Sankei)
- 6) DPJ to attack ruling camp in Diet with set of three issues: MSDF refueling operations; political scandals; and pension program (Mainichi)
- 7) Simulation of snap Lower House election next spring: DPJ has the advantage and LDP/Komeito coalition could lose majority (Tokyo Shimbun)
- 8) Ozawa's political support group bought apartment buildings with political donations and profited from rent money a violation of the law (Mainichi)

Anti-terror legislation row:

- 9) Maritime Self-Defense Force (MSDF) to be ordered to return home from the Indian Ocean next month as prospects for extension of law dim (Nikkei)
- 10) LDP in defense of continuing refueling services in the Indian Ocean to focus on Pakistan as recipient (Yomiuri)

- 11) US denies allegation of diversion of MSDF-supplied oil to Iraq war (Yomiuri)
- 12) US' reply to Japanese government backs denial of charge of diversion of MSDF oil for use in Iraq war (Tokyo Shimbun)

ISAF participation issue:

- 13) Foreign and defense ministers see DPJ President Ozawa's proposal for Japan to participate in ISAF in Afghanistan "unconstitutional" (Yomiuri)
- 14) LDP's Hidenao Nakagawa wants ruling and opposition party heads to debate the ISAF participation issue in the Diet (Yomiuri)
- 15) DPJ's Naoto Kan on TV talk show defends Ozawa's proposal for ISAF participation, sees Japan's contribution as "humanitarian assistance" (Sankei)

Other defense issues:

- 16) US, Japan coordinating two to five-year extension of special measures agreement (SMA) for host nation support (Nikkei)
- 17) US seeks large increase in SMA to cover rising utility costs at US bases (Sankei)
- 18) Japan negative about allowing increased budget for US base utility costs under new SMA (Tokyo Shimbun)
- 19) Defense Ministry and SDF shifting F-15s to Okinawa as part of new strategic response to China's military buildup (Nikkei)
- 20) Declassified documents show secret US-Japan agreement not to measure possible nuclear emissions for US warships entering Japanese ports (Akahata)

- 21) Japan considering bearing part of financial burden for North Korea's denuclearization (Nikkei)

- 22) DPJ Secretary General Hatoyama says Japan needs US involvement

TOKYO 00004715 002 OF 018

if northern territories issue with Russia is ever to be resolved (Mainichi)

Articles:

- 1) TOP HEADLINES

Asahi:

Policy affairs research expenses: 20 prefectures plan to require receipts for expenditures over single yen: 15 assemblies to adopt requirement this fall

Mainichi:

Ozawa's fund management body earns rent income from condominiums purchased with political funds: 10 million yen between 2002 and 2006; Suspected of violation of Political Fund Control Law

Yomiuri:

Second-generation Japanese born in Philippines given Japanese nationality without their fathers' identified family registrations; Tokyo Family Court makes decision based on indirect evidence

Nikkei:

Toray begins production of auto parts using carbon fiber, investing 30 billion yen in 2010 for new plant: First mass production in world

Sankei:

Sankei poll on triangular mergers: Respondents viewing them as a threat drop from 46 PERCENT to 21 PERCENT ; Companies are steadily adopting defense measures.

Tokyo Shimbun:

Next Lower House election: LDP, New Komeito will suffer crushing defeat due to Japanese Communist Party (JCP) reducing candidates? LDP could lose majority if DPJ gets JCP votes, according to Tokyo Shimbun simulation

Akahata:

Danger of nuclear-powered aircraft carrier: 1,200 people take part in metropolitan zone symposium to oppose deployment in Yokosuka; Fight to move government urged

2) EDITORIALS

Asahi:

- (1) Burma: Continue journalist Nagai's legacy
- (2) Guardians for elderly should be increased with mutual aid among citizens

Mainichi:

- (1) Medical fees to be shouldered by the elderly: Freezing increase as stop-gap measure not acceptable
- (2) Measures on hepatitis: Speed up bipartisan efforts to relieve patients

Yomiuri:

- (1) Two corporate taxes: Make efforts to narrow gaps between regional areas
- (2) Measures to ensure product safety: System that can root out accidents caused by old products

TOKYO 00004715 003 OF 018

Nikkei:

- (1) Widen the use of funding sources for roads with focus on environmental measures
- (2) Time to remove mistrust in political funds

Sankei:

- (1) Hometown tax: Might be useful in revitalizing rural areas
- (2) Bidding system reform: Do not solely rely on overall judgment system

Tokyo Shimbun:

- (1) Revitalization of rural areas: What is important is not public finance but resourcefulness
- (2) Business tie-ups between Japan Post Holdings and Nippon Express: Do not forget downsizing efforts

Akahata:

- (1) Funding sources: Dig into two sacred areas

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, October 5

NIKKEI (Page 2) (Full)
October 6, 2007

07:02

Met former Gunma prefectural assembly member Motoji Yanagisawa at his private residence in Nozawa.

08:00

Met at Deputy Chief Cabinet Secretary Iwaki at the Kantei.

09:04

Attended a cabinet meeting in the Diet building.

09:26

Arrived at the Kantei.

10:01

Attended an Upper House plenary session.

11:52

Arrived at the Kantei.

13:01

Attended the Upper House plenary session.

15:30

Met METI Vice Minister Kitabata at the Kantei.

16:19

Met Waseda University President Katsuhiko Shirai. Followed by Cabinet Intelligence Director Mitani.

17:31

Met New Komeito Secretary General Kitagawa. Later, received a phone call from South Korean President Roh Moo-hyun.

18:10

Talked on the phone with President of Sri Lanka Rajapaksa. Later, met Resources and Energy Agency Director General Mochizuki, with

TOKYO 00004715 004 OF 018

Foreign Ministry Asian and Oceanian Affairs Director General Sasae present.

19:37

Dined at an Italian restaurant in the Hotel New Otani with his secretaries.

SIPDIS

22:13

Returned to his private residence in Nozawa.

Prime Minister's schedule, October 6

NIKKEI (Page 2) (Full)
October 7, 2007

Spent the day at his private residence in Nozawa.

Prime Minister's schedule, October 7

NIKKEI (Page 2) (Full)
October 8, 2007

07:13

Left JR Tokyo Station by Nozomi bullet train.

09:33

Arrived at JR Kyoto Station.

10:17

Met Science and Technology Minister Kishida, former Finance Minister Koji Omi, Kyoto Governor Yamada, and others at the National Kyoto International Hall. Attended an opening ceremony of the International Forum on Science Technology and Human Future.

11:46

Left JR Kyoto Station by Nozomi bullet train.

13:47

Arrived at JR Shin-Yokohama Station.

14:18

Arrived at his private residence in Nozawa.

17:17

Met National Defense Academy President Iokibe.

20:52

Held a meeting with his secretaries.

23:21

Returned to his private residence.

Prime Minister's schedule, October 8

NIKKEI (Page 2) (Full)
October 9, 2007

Spent the day at his private residence in Nozawa.

4) Debate at Lower House Budget Committee to kick off today

YOMIURI (Page 4) (Excerpts)

TOKYO 00004715 005 OF 018

October 9, 2007

Deliberations will start at the House of Representatives Budget Committee today. On the controversial issue of whether to extend the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean, the Democratic Party of Japan (DPJ), which has now control of the House of Councillors, is poised to have an all-out showdown with the government and the ruling bloc by having three members who once assumed party presidency take the floor as its questioners. Meanwhile, the ruling camp is willing to underscore to the people the necessity of the continued MSDF operation through Diet deliberations.

The Budget Committee will hold deliberations for three days starting today. The sessions on the first and second days will bring together Prime Minister Fukuda and all the cabinet members. Criticizing that the prime minister responded to Diet questions by simply reading from prepared text, the opposition bloc intends to thoroughly attack the ruling coalition, with Upper House Chairman Azuma Koshiishi assuring: "We are determined not to allow one-way traffic this time. We will bring about a heated discussion." In the meantime, chances are expected to increase for powerful debaters from the government side, such as Defense Minister Ishiba and Health, Labor and Welfare Minister Masuzoe, to make replies. Verbal blows are likely to be traded between the ruling and opposition camps.

From the DPJ, Policy Research Council Deputy Chairman Akira Nagatsuma will be sent as its questioner today. Tomorrow, former party presidents Naoto Kan, Seiji Maehara, and Katsuya Okada will take the floor as questioners.

In the earlier representative interpellations at both houses, the main opposition party clarified its opposition to the government's new antiterrorism legislation to replace the current Antiterrorism Special Measures Law. In a meeting held earlier in the Upper House, Koshiishi already said in an attempt to contain the ruling coalition: "We will be able to submit a censure resolution against the prime minister to the Upper House and adopt it."

In Budget Committee meetings, too, the DPJ will give priority to efforts to clear up the details of the MSDF operation over the contents of the new legislation. In particular, the party intends to urge the prime minister to bring out the truth of the allegation that fuel supplied to United States' warships by the MSDF was used in the Iraq war.

5) Skirmish expected on new antiterrorism legislation today in Lower House Budget Committee; DPJ gearing up to pursue government over possible diversion of fuel for Iraq war

SANKEI (Page 5) (Full)
October 9, 2007

The ruling and opposition parties will engage in a full battle of words in a session today of the Lower House Budget Committee. Prime Minister Yasuo Fukuda in his first attendance at the session after taking office as prime minister intends to explain the importance of the planned new "antiterrorism special measures law" (tentative name) in order for Japan to continue the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean.

Meanwhile, the major opposition Democratic Party of Japan (DPJ)

TOKYO 00004715 006 OF 018

intends to send three former party presidents, including current Deputy President Naoto Kan, to the session as interpellators and pursue the government about allegations that the fuel provided by Japan might have been diverted for the Iraq war. A fierce skirmish is expected in the session ahead of the government officially presenting an antiterrorism special measures bill to the Diet.

The Liberal Democratic Party (LDP) plans to send Policy Research Council Chairman Sadakazu Tanigaki and former Defense Agency Director-General Gen Nakatani, who compiled an outline of the new

bill, to the first-day session to answer questions from the opposition parties. During the session, Fukuda will explain the significance of the new bill. While calling on the DPJ to respond to talks with the ruling bloc on the bill, the government intends to forestall the DPJ's stance of opposing an extension of the refueling mission.

Besides Kan, the DPJ plans to send former Presidents Seiji Maehara and Katsuya Okada as interpellators. They intend to bring up the suspicions that the MSDF might have refueled a US carrier which later took part in the Iraq war.

On Oct. 5, the ruling bloc indicated an outline of the new bill at a meeting of the Diet affairs chiefs from the ruling and opposition parties and asked for discussion on the outline before the submission of the bill to the Diet. But the opposition bloc refused to hold talks on the outline with DPJ Secretary General Yukio Hatoyama arguing, "We can't respond to a closed-door session." Then the ruling bloc has regarded the "Budget Committee session as a forum to listen to the opposition bloc's requests," LDP Diet Affairs Committee Chairman Tadamori Oshima said. After deliberations in the Upper House Budget Committee, the government intends to obtain cabinet approval of the bill on Oct. 17 or later.

The ruling parties want to somehow reflect the opposition bloc's views in the bill, but the opposition parties' stance is not to agree to extend the refueling mission.

The DPJ's Policy Research Council Chairman Akira Nagatsuma, who is well-versed on the pension issue, will take the floor to question the government on the first-day session and query the prime minister and Health Minister Yoichi Masuzoe about how to deal with the missing records of payments of pension premiums.

6) DPJ to go on the attack in the Lower House Budget Committee over MSDF refueling mission, politics-money scandal, pension issue

MAINICHI (Page 2) (Abridged)
October 9, 2007

The House of Representatives Budget Committee will start basic question-and-answer sessions today in the presence of Prime Minister Yasuo Fukuda and the cabinet ministers. Emboldened by its big win in the July House of Councillors election, the main opposition Democratic Party of Japan (DPJ or Minshuto) will turn up the heat on the Fukuda government on three issues: whether to allow the Maritime Self-Defense Force (MSDF) refueling mission in the Indian Ocean to continue; the "politics and money" scandals, and the pension record-keeping fiasco. The government and ruling coalition, meanwhile, intend to increase the public's understanding of the MSDF refueling operations and pave the way for deliberations on a new antiterrorism bill through debate in the Budget Committee.

TOKYO 00004715 007 OF 018

The DPJ will have Deputy President Naoto Kan and former party heads Seiji Maehara and Katsuya Okada appear in the Budget Committee tomorrow to grill Fukuda, who will reply to Diet questions for the first time as prime minister.

Kan and the other DPJ representatives will pursue mainly the allegation of the diversion of fuel provided by the MSDF to the Iraq war. Although the government and ruling camp aim to deliberate the new antiterrorism bill at committee meetings, the DPJ plans to press the government to disclose information on the MSDF activities, but it will not take part in a debate on the new legislation per se.

Regarding the political money scandals, junior DPJ lawmaker Sumio Mabuchi will grill the prime minister over his political fund-management organization having rewritten receipts. The DPJ plans to submit to the current Diet session a bill requiring politicians to attach to their fund reports receipts for all expenditures of one yen or more. The party intends to attack the discord that exists between the ruling Liberal Democratic Party (LDP), which has decided to entrust a conclusion on standards to disclose receipts to future deliberations between the ruling and

opposition camps, and its coalition partner, New Komeito, which has called for the need to attach receipts for expenditures of one yen or more. Akira Nagatsuma, deputy policy chief, will pursue the government over its mishandling of the pension-record keeping, as well as systematic problems with the pension system.

7) Simulation on next Lower House election: If votes for JCP go to DPJ under JCP's new policy, ruling coalition would suffer crushing defeat

TOKYO SHIMBUN (Top Play) (Excerpts)
October 9, 2007

The Japanese Communist Party (JCP) has set forth a new policy of strictly selecting candidates for single-seat constituencies in the next House of Representatives election. Following this, Tokyo Shimbun simulated the outcome of the election, based on data from the July House of Councillors election. As a result, it has been found that the Democratic Party of Japan (DPJ) would score significant gains, decreasing the number of seats of the ruling coalition of the Liberal Democratic Party and the New Komeito.

In its Central Committee general assembly held last month, the JCP revealed the policy of significantly narrowing down its candidates for single-seat constituencies "in order to pour its current party capacities into the proportional representation segment effectively and positively," according to Chairman Kazuo Shii. Under the new policy, the JCP would (1) field candidates in districts in which the party garnered more than 8 PERCENT of the total in the proportional representation segment in the Upper House election; and (2) put up its candidates in all prefectures.

According to a simulation worked out based on this JCP new policy, the party would field candidates in 135 districts out of the 300 single-seat constituencies. Assuming that those who voted for the JCP in the July Upper House election cast their ballots for the DPJ, the main opposition party would secure 168 seats in single-seat constituencies. With this figure added to the expected number of seats in the proportional representation segment, the DPJ would independently win a majority. In contrast, the ruling coalition

TOKYO 00004715 008 OF 018

would see the total number of their votes decrease to 212.

Under a scenario in which half of the votes for the JCP flow to the DPJ, the main opposition would win 239 seats, close to the majority of 241.

8) Ozawa's fund management body earns rent income from condominiums purchased with political funds: 10 million yen between 2002 and 2006; Suspected of violation of Political Fund Control Law

MAINICHI (Top Play) (Almost Full)
October 9, 2007

The Mainichi Shimbun has learned that Rikuzan-kai, Democratic Party of Japan (DPJ or Minshuto) head Ozawa's fund management body, purchased condominiums and has been earning income from them by renting them out to a consulting company and a legal foundation. It already has become an issue that the body had purchased more than 10 properties with political funds. This is the first time its management of political funds using properties has come to light. The Political Funds Control Law bans political funds management bodies from depositing political funds into a savings account or managing such in a form of other than purchasing government bonds. Prefacing his remark with "This is my view in general terms," an official of the Internal Affairs Ministry said, "Earning rent income could be a case of violation of law."

According to Rikuzan-kai's political funds report, the body has a condominium at Prime Akasaka, a bloc of condos in Minato Ward, Tokyo. S.A. Consulting rents, a consulting company, rents it. The body also has a condominium in Grand Akusu Kojimachi, a block of condos in Kojimachi, Chiyoda Ward. The International Grass-Roots Exchange Center, which is under the jurisdiction of the Foreign Ministry and the Ministry of Economy, Trade and Industry, rents it.

The nominal owner of these condominiums in the registry book is Ozawa.

S.A. Consulting has been a tenant since Jan. 2002, and the Exchange Center since Oct. 2004. They respectively paid 70,000 yen and 200,000 yen per months to Rikuzan-kai. The rents they paid totaled approximately 10 million yen as of the end of 2006. S.A. moved out around the end of September.

The Political Funds Control Law does not allow fund management by political organizations for purposes other than depositing them into a savings account, purchasing government bonds and government-guaranteed bonds and leaving them in trust with financial institutions that guarantee principals. The Internal Affairs Ministry pointed out that renting real estate purchased with political funds in order to earn rent income is suspected of falling under the category of the management of assets, an act banned under the law.

Ozawa's office rebuts, noting that renting properties without charge is problem

Ozawa's office rebutted by saying that renting real estate free of charge is not a problem. A person in charge maintained, "Our office has no perception that renting our property falls under the management of political funds. The consulting company undertakes contracts for Ozawa's policy planning. Mr. Ozawa was involved in the foundation of the judicial corporation. He serves as director at

TOKYO 00004715 009 OF 018

it."

Rikuzan-kai purchased condominiums and land in Tokyo, Morioka City and Sendai City for a total of approximately 1 billion yen. Ozawa is the nominal owner of all those properties in the registry book. It was made an issue in January this year that these properties were purchased with office expenses. Showing the receipts, Ozawa explained that they are not his personal assets. He noted that when he pulls out of politics or when he dies, he would use the assets of Rikuzan-kai for assistance to the young and for the Japan-US and Japan-China Grass-Roots Exchange Fund.

Following the revelation of Ozawa's acquisition of real estate, the Political Funds Control Law was amended in June this year. Political funds control bodies are now prohibited from possessing land and buildings other than those they had possessed before the amendment of the law.

9) Japan early next week to inform US, Britain, other countries of MSDF's withdrawal from Indian Ocean

NIKKEI (Page 1) (Slightly abridged)
Eve., October 6, 2007

The government will inform the multinational force led by the United States and Britain possibly early next week about withdrawing the Maritime Self-Defense Force (MSDF) now engaged in the refueling mission in the Indian Ocean on Nov. 1, when the Antiterrorism Special Measures Law is to expire. At one point the government had studied the possibility of keeping the MSDF in the ocean in the name of conducting a survey even after the expiry of the law, but out of concern of the public opinion, the government has decided to let the MSDF return home immediately. The supply vessels are expected to return home by late November.

Although it had already become certain that the antiterrorism law would expire, the government has delayed informing other countries of the MSDF's withdrawal from the Indian Ocean in part because it has been making efforts to enact as quickly as possible a new law intended to continue the refueling mission.

The multinational coalition naval command in Bahrain, the control tower of the ongoing cleanup operations in the Indian Ocean, usually determines the next operation about one month in advance. If Japan overly delays informing the concerned countries of its MSDF's withdrawal, it would cause trouble for them. The government

presented an outline of new legislation to the opposition parties on Oct. 5, but they remained unwilling to holding prior talks with the ruling parties. As a result, the government judged it was an avoidable choice to inform the concerned countries of the MSDF's withdrawal,

Coordination is underway for Foreign Minister Masahiko Komura to convey this decision to withdraw the MSDF to US Ambassador J. Thomas Schieffer and others. Chief of Staff Takashi Saito of the Joint Staff Office will inform the commander of the US Naval Forces Central Command/US 5th Fleet and others about this decision.

Countries participating in the maritime interdiction operations to prevent movements of terrorists and weapons/narcotics are the US, Britain, Japan, France, Germany, and Pakistan. If Japan's MSDF withdraws from the Indian Ocean, the number of supply vessels

TOKYO 00004715 010 OF 018

working there will be reduced to two US vessels and one British vessel. Reportedly, every participating country has difficulties in newly deploying its supply ships. Given this, scaling down of the sea area to be covered by the interdiction operations and shortening the duration of the operations are likely to occur.

The MSDF has provided some 480,000 kiloliters of fuel to the multinational force since December 2001. Of them, 79.5 PERCENT has been provided to the US military.

Pakistan is the country that would suffer most if Japan stopped refueling service because that country has relied on Japan's refueling. Pakistan is the only Islamic nation participating in the war on antiterrorism. Pakistan has given the impression that the mop-up operations against terrorism are not part of a religious war.

10) Oil to Pakistan is likely to be a focal point at Diet

YOMIURI (Page 4) (Abridged slightly)
October 9, 2007

In order to prove the need for continuing the Maritime Self-Defense Force's refueling operation in the Indian Ocean, the government has repeatedly underlined the importance of providing Pakistani vessels with fuel. The government's explanation has drawn objections, however. In Lower House Budget Committee sessions scheduled to open today, opposition parties are likely to pursue the government's logic.

The MSDF has been providing fuel and water to vessels of a total of 11 countries in the Indian Ocean since December 2001 under the Antiterrorism Special Measures Law. Receiving some 19,000 kiloliters of fuel, Pakistan is the third largest oil recipient following the United States and France.

At a press conference on Sept. 10, Vice Foreign Minister Shotaro Yachi said: "Explained in terms of automobiles, Pakistani vessels need high-octane gasoline, which can only be supplied by MSDF supply ships at present." US Ambassador to Japan Thomas Schieffer as well expressed his hope for a continued MSDF mission, saying that the US military cannot provide the quality of fuel the Pakistani naval vessels need.

The commitments by Japan and the US to Pakistan, the only Islamic country participating in maritime interdiction operations (MIO), reflect their intention to send a clear message that the war on terrorism is not a narrow sectarian conflict.

The government's explanation has raised some questions.

In response to questions from Lower House lawmaker Kenji Eda, the government adopted at a cabinet meeting on Oct. 5 a written reply saying that the MSDF supply vessel equipped with a fuel purifier has been providing refined fuel to the Pakistani vessels, which require quality oil.

To a question asking why it has to be an MSDF supply vessel, the

written reply simply said without presenting any operational grounds: "President Musharraf has indicated that (refueling by the MSDF) was indispensable. It is a vital factor for the Pakistani vessels to remain in the MIO."

TOKYO 00004715 011 OF 018

But the view that fuel from such countries as the United States and Britain are unusable for the Pakistani vessels has drawn objections from within the MSDF, including Chief of Staff Eiji Yoshikawa, who said: "(A standard) supply vessel of any country is equipped with an oil purifier." The matter is likely to become a point at issue at the Diet.

11) US denies diversion of use of MSDF fuel

Yomiuri (Page 2) (Full)
October 7, 2007

By Aya Igarashi in Washington, D.C.

It was learned on Oct. 6 that in response to the charge that fuel supplied by the Maritime Self-Defense Force (MSDF) in the Indian Ocean, based on the Anti-Terrorism Special Measures Law, the US Department of Defense was asked by the Japanese government to prepare a reply formally denying the fuel was diverted for other use. The Japanese government is considering using the US's formal reply to parry accusations by the opposition camp in the Diet.

According to a source in the US government, the reply will deny any diversion, stating, "There was no use (of the fuel) other than as intended." To counter examples that have been cited of such diversion of use as the refueling of the Kitty Hawk, the contents of the reply will provide data about the actual situations.

12) US hands Japan a reply that denies MSDF fuel used for Iraq war

TOKYO SHIMBUN (Page 3) (Full)
October 9, 2007

WASHINGTON-The United States has officially denied in its answer to the Japanese government's inquiry that US naval vessels used Japanese fuel for the Iraq war, US Department of Defense officials confirmed yesterday. The Maritime Self-Defense Force has been refueling US naval vessels in the Indian Ocean under the Antiterrorism Special Measures Law. In this regard, those US vessels are suspected of having used MSDF-supplied fuel for the Iraq war.

On this issue, Foreign Minister Masahiko Komura, appearing on a TV program aired Oct. 7, said: "I don't think they (US vessels refueled by the MSDF) went on Iraq operations. We have an answer like that from the United States."

The Japanese government has not revealed anything in detail about the answer. However, the Defense Department apparently concluded that Japanese-provided fuel has not been used for any other purposes. At the same time, the Pentagon is also believed to have provided the Japanese government with information about the activities of those US naval vessels.

However, the USS Kitty Hawk, a US aircraft carrier that participated in Iraq operations, was indirectly refueled by the Tokiwa, an MSDF supply ship, according to a civic group's findings. There is no knowing how far the US account will unveil the facts.

13) Foreign and defense ministers call Japan's ISAF participation "unconstitutional"; deny diversion of MSDF fuel

TOKYO 00004715 012 OF 018

YOMIURI (Page 1) (Full)
October 8, 2007

In connection with the war on terror in Afghanistan, Foreign

Minister Komura and Defense Minister Ishiba on Oct. 7 expressed their respective views (on television talk shows) that Japan's participation in the International Security Assistance Force (ISAF) that is bearing the burden of maintaining public security in Afghanistan -- as advocated by Democratic Party of Japan (DPJ or Minshuto) President Ozawa -- would not be allowed under the Constitution. Both cabinet ministers denied the allegation that oil being provided by the Maritime Self-Defense Force (MSDF) to US naval vessels in the Indian Ocean was being diverted for the Iraq war. They both laid down a clear difference in points of view between the ruling and opposition camps in the Diet.

On the question of participation in ISAF, Ishiba, appearing on a TV-Asahi talk show, stressed: "If Japan were to participate (in ISAF), (Ozawa) must tell us properly what kind of use of weapons authority will the troops be given. (I would like to say to him) not to trifle with the lives of our servicemen. From the point of view of the government today, Japan's participation in ISAF which involves the use of armed force is not permissible under the Constitution."

Komura, appearing on a Fuji TV program, took up Ozawa's assertion that "participation in ISAF, which is based on a UN resolution, does not violate the Constitution." He rebutted: "His thinking that as long as there is a UN resolution, the use of armed force is all right, but if there is no UN resolution, then even logistical support is no good is incompatible with government interpretation of the Constitution that has been consistent from long ago." In response, DPJ Deputy President Naoto Kan expressed his view that partial participation was possible."

On the other hand, responding to the allegation of diversion of fuel supplied by the MSDF (in the Indian Ocean), Komura, appearing on an NHK talk show, stated clearly that in his view there has been no such misuse. He said: "I don't think that (US warships that received MSDF refueling) were engaged then in the Iraq war. We have had such a reply from the United States, as well." The US Department of Defense at the request of the Japanese government has prepared a reply denying any diversion of fuel. Komura indicated that the Japanese government had accepted that reply.

Ishiba also stated on the TV Asahi program, "The Defense Ministry is analyzing material ordered up from the US, but our sentiment is that there has been no use of the fuel for another purpose." In addition, regarding the supplying of fuel to the supply ships of other countries, he said: "Once it is confirmed in some form that there was no diversion of that fuel, we will be able to continue to supply those supply ships."

14) Nakagawa calls for party-head debate on ISAF participation

YOMIURI (Page 4) (Full)
October 9, 2007

Former Liberal Democratic Party Secretary General Hidenao Nakagawa delivered a speech yesterday at Fuchu Town, Hiroshima Prefecture. In it, touching on Democratic Party of Japan (Minshuto or DPJ) President Ichiro Ozawa's call for taking part in the International

TOKYO 00004715 013 OF 018

Security Assistance Force (ISAF), Nakagawa said: "The government and ruling parties have said that such is a violation of the Constitution. Because the matter was raised by the president of the largest opposition party, a thorough debate must be held between Prime Minister Fukuda and Mr. Ozawa." Thus Nakagawa indicated that Ozawa must explain his interpretation of the Constitution at a party-head debate.

Nakagawa also indicated that discussions among opposition parties, including the DPJ, were insufficient, saying: "What do the Japanese Communist Party and the Social Democratic Party think of Mr. Ozawa's interpretation of the Constitution? I wonder if such a view can band the DPJ members together. I would like to see thorough discussion."

15) DPJ Vice President Naoto Kan on Fuji-TV program: "Humanitarian aid is within the scope of what Japan can do (in Afghanistan)"

SANKEI (Page 4) (Full)
October 8, 2007

In the following exchanges, Democratic Party of Japan (DPJ or Minshuto) Vice President Naoto Kan spoke about such issues as the Maritime Self-Defense Force (MSDF) refueling activities in the Indian Ocean.

-- Will you reject requests by the government and ruling parties for talks between the ruling and opposition camps on the MSDF refueling issue?

"The government has hardly provided any information about the contents of such activities for six years. We must listen fully to the report in the Diet. In addition, (the refueling operations) are not activities that are based on a UN resolution, but are activities connected to collective defense, so our basic argument is that they are a violation of the Constitution. I would like debate in the Diet to address these two issues. Consultations before the legislation is presented in the Diet is something that would only be done (if the DPJ and LDP) were coalition partners."

-- What about President Ozawa's proposal for Japan joining the International Security Assistance Force (ISAF) in Afghanistan?

"In principle, I agree with Japan's participation in activities centered on the United Nations. What kind of activity this would be will be something decided by each country, including Japan."

-- Will our going along with this basic principle be in Japan's national interest?

"Mr. Ozawa's belief lies in that, I think. The party will now debate that. Countermeasures to stop narcotics, constructing wells and waterworks, for example, as well as building schools, hospitals, and sewerage are all areas we can do. These are within the scope of what we can do."

16) Japan, US under coordination to extend special accord on host-nation support for two to five years

NIKKEI (Page 2) (Full)
October 8, 2007

The governments of Japan and the United States plan to extend a

TOKYO 00004715 014 OF 018

special agreement on Japan's host-nation support, which is due to expire on March 31, 2008. Coordination is underway to extend the accord for another two to five years. Now that it is viewed certain that the Maritime Self-Defense Force's refueling mission in the Indian Ocean will be temporarily halted, some observers are worried about its negative impact on the Japan-US alliance. The Japanese government apparently aims to prevent a split in the relationship by extending the accord.

Even so, while some officials of the US government are calling for an increase in Japan's sympathy budget allocations, the Japanese government hopes to constrain its share given its austere fiscal conditions. There is still a gap in both sides' views on specifics to be determined by the end of this November.

Then Foreign Minister Taro Aso and then Deputy Secretary of State Zoellick signed the special accord in Tokyo in January 2006. Since it was difficult to calculate how much it would cost to relocate US military bases in connection with US force realignment, the validity term of the accord was provisionally set at two years, though both sides had so far set the term at five years. Both sides are studying the possibility of extending it by three years, bringing the total period to five years.

17) US calls on Japan to massively increase its financial burdens for the costs of US military utility charges

SANKEI (Page 5) (Full)

October 9, 2007

It was learned that in Japan-US government-to-government negotiations on a new special agreement concerning Japan's sharing of the costs of stationing US Forces Japan (USFJ), the US side had called on Japan to increase its share of the USFJ's utility charges, such as electricity, gas, and water.

The costs of maintaining USFJ in Japan for fiscal 2007 has come to 217.3 billion yen. Of that amount, 25.3 billion yen has been earmarked as utility charges. Given that some MOD and MOF officials are calling for a cut in Japan's financial burden, the government finds it difficult to easily accept the US side's request for an increase in Japan's burden.

The current special agreement is to expire in next March. The government wants to speed up government-to-government talks on concluding a new agreement so that under a new agreement, the government can appropriate the stationing costs in the next fiscal year's budget, but uncertainties lie ahead in the wake of America's request for an increase in Japan's financial burden.

Japan's financial burden for stationing USFJ consists of two parts: one for the Status of Forces Agreement (SOFA) intended to improve facilities, such as the USFJ's barracks and family housing, and one for the special agreement.

The budget for the special agreement for this fiscal year amounts to 140.9 billion yen. Of that amount, 115 billion yen is used to pay the basic salaries of base employees and pay the utility charges for USFJ. The US side has called on Japan to increase Japan's financial burdens on the grounds that the US military has reinforced its combat power in the Asia-Pacific region in order to counter the military threats of North Korea and China.

TOKYO 00004715 015 OF 018

18) USFJ asks for increase in utility costs in talks on new special agreement; Japan reluctant to meet the request

TOKYO SHIMBUN (Page 1) (Abridged slightly)
October 8, 2007

In the ongoing Japan-US talks on a new special agreement on Japan's host-nation support, the US side has asked for a significant increase in Japan's share of utility costs at US military bases in Japan, citing the growing military burden on the US side. Japan is reluctant to comply with the request.

The utility costs for fiscal 2007 are set at 25.3 billion yen. The specific amount asked by the US side is unclear. Given the situation that the special agreement now in force will expire next March, the government plans to settle the talks with the US before the end of the year and include the new utility costs in the FY2008 budget based on a new agreement, according to a Japan-US relations source.

With the Antiterrorism Special Measures Law set to expire on Nov. 1, it now seems inevitable for Japan to temporarily halt the Maritime Self-Defense Force's refueling operation in the Indian Ocean. There is concern within the government that the conflict over Japan's host-nation support on top of the expected suspension of the Indian Ocean mission would strain relations between Japan and the United States. Even if an accord was reached between Tokyo and Washington on a new special agreement, the divided Diet is expected to face rough going about giving its approval.

The host-nation support is based on two agreements: the status of forces agreement for the US military installations and US military family housing, and another special agreement. The host-nation support for FY2007 totals 217.3 billion yen, including 140.9 billion yen under the special agreement. Included in it are 115 billion yen in the base pay for people working at the US bases and the utility costs for US forces in Japan.

Since this spring, the governments of Japan and the US have been in talks on the new special agreement. The US side has asked Japan to

increase its host-nation support to bear its fair share of the costs, saying that the US forces have beefed up their military strength in the Asia-Pacific in order to contribute to the security of the region and counter military threats from such countries as North Korea and China. The US has asked for an especially large increase in utility costs.

Meanwhile in Japan, some in the Finance and Defense Ministries and the Liberal Democratic Party are calling for a reduction in the host-nation support.

19) F-15 deployment to Okinawa: Defense priority shifted to southwest against China's military buildup

NIKKEI (Page 2) (Full)
October 9, 2007

The Defense Ministry and the Self-Defense Forces are shifting Japan's deployment of its defense capabilities to the southwest. The Air Self-Defense Force will deploy a wing of about 20 F-15 mainstay fighter jets to its Naha base in Japan's southernmost island prefecture of Okinawa, with the first batch of F-15s arriving there

TOKYO 00004715 016 OF 018

in fiscal 2008. The Ground Self-Defense Force will also deploy AH-64D Apache attack helicopters on a standing basis to its Metabaru garrison in Saga Prefecture. These deployments are aimed to watch out for China against its growing military spending. The SDF will buttress its defense of the Senkaku and other Japanese islands outlying in the East China Sea.

Japan used to regard the former Soviet Union as its hypothetical enemy during the Cold War period, so the priority of Japan's defense capabilities was long shifted to its northernmost main island of Hokkaido. Meanwhile, the Defense Ministry, in its white papers, has noted a China threat. In addition, the SDF has already carried out counter-landing and other training exercises to provide for a potential occupation of Japan's outliers. However, the Defense Ministry will now review the SDF's current deployment of troops on the front for southwest-oriented defense.

The ASDF currently deploys F-4 fighter planes to Naha. Meanwhile, China has been modernizing its air force at a high pitch. As it stands, the ASDF F-4s are now too old to vie with the Chinese air force, sources say. Japan has been falling behind schedule in its selection of the follow-on mainstay fighter jet model. For the time being, the ASDF will deploy a squadron of about 20 F-15 fighter jets from its Hyakuri base to Okinawa replace a Naha-based squadron of F-4 fighters.

The deployment of F-15 fighter jets to Okinawa could rub China's nerves, so the Defense Ministry outwardly explains that the F-15 deployment to Okinawa is only a sort of rotational redeployment. The ASDF's Hyakuri base has two squadrons, so the Defense Ministry says the ASDF does not have to use its superannuated F-4 fighters so frequently. The Defense Ministry also recounts that the base will not need additional infrastructure construction because RF-4E reconnaissance planes, which are of the same model as the F-4, have already been based there.

However, one ASDF brass officer underscored the China threat. The ASDF scrambles its fighter jets against aircraft violating Japan's territorial airspace. In fiscal 2002, there were no scrambles against Chinese aircraft. In fiscal 2005, however, the ASDF made as many as 107 scrambles against Chinese aircraft. In fiscal 2006, the ASDF's scrambles against Chinese aircraft decreased to 22. However, there is no doubt that ASDF fighter jets will now scramble more often, according to the ASDF officer.

The Chinese air force has 331 fourth-generation fighter planes, such as the SU-27 and SU-30 developed by Russia and the J-10 developed by China itself. China has now as many fighter planes as Taiwan.

The F-15 outranges the F-4, and it can be also refueled in flight. The F-15 is therefore superior in configurational performance and dogfight capability. In the meantime, US Forces Japan-already

employing F-15 fighters at its Kadena airbase on Okinawa Prefecture-believes that increasing the interoperability of the US Air Force and the ASDF will serve to raise its deterrent effect on China.

Japan and the United States have now agreed to realign the US military presence in Japan. In the process of realigning US forces in Japan, the US Navy will move 59 carrier-borne fighters from its Atsugi base in Kanagawa Prefecture to the US Marine Corps' Iwakuni base in Yamaguchi. This redeployment will also have a "psychological

TOKYO 00004715 017 OF 018

effect" on China, according to Japanese and US defense officials.

The GSDF's Apache is a heavily armored and heavily equipped chopper with highly efficient radar that can simultaneously pick up more than 150 targets-and also with Japan's own air-to-air missiles on board. "It has high combat capability equivalent to one tank battalion (made up of about 40 tanks)," a GSDF brass officer said. "This chopper is fit to provide for an invasion of islands from Asia," the officer added.

"At this point, the Japanese government is unlikely to say China is a threat," Foreign Minister Masahiko Komura said. "But," Komura added, "we have expressed our concern." The SDF will now likely proceed with its southwest-oriented defense posture further.

20) Secret agreement between Japanese and US governments:
Radioactivity of US warships would not be measured within fifty meters after port arrival

AKAHATA (Page 1) (Excerpts)
October 9, 2007

It was learned from a declassified US document that international affairs researcher Akiharu Niibara obtained that the US and Japanese governments signed a secret agreement under which at the time of US Navy nuclear-powered vessels arrive in Japanese ports, monitoring for possible radiation leakage into the atmosphere would not occur within 50 meters, for reasons of military secrecy. The US government in a fact sheet related to the safety of US nuclear-powered vessels, issued last year in April, stated that in over 1,200 port calls by US nuclear-powered ships, "there has never occurred an increase in radioactivity higher than general background radiation." It has decided to deploy next year in August the Navy carrier USS George Washington to the US naval base at Yokosuka in Kanagawa Prefecture. However, with the discovery that there was an agreement exchanged not to record unusual figures right from the start, there are doubts about the "safety" that that US government has been repeatedly asserting. According to the memo dated Nov. 5, 1971, written by the Japan Desk of the State Department (Doakings (tn: phonetic) memo), when specialists of the Japanese government approached within five meters of the US Navy nuclear-powered submarine docked at Yokosuka in Nov. 1969, they recorded an increase in radioactivity. This incident led to the agreement of not monitoring within 50 meters in order to protect the secrecy of the data of the nuclear propulsion device.

21) Japan mulls bearing expenses for North Korea's nuclear disablement

NIKKEI (Page 2) (Full)
October 9, 2007

The government has begun looking into a possibility of shouldering costs for disabling North Korea's nuclear-related facilities. It will remain in its position of offering no economic assistance to the North unless there is any progress in the abduction issue. However, a senior Foreign Ministry official said: "Financial cooperation that would lead to the North's abandoning of nuclear weapons in the future is a different issue."

The six-party agreement stipulates that the United States will pay initial costs for the nuclear disablement. The US will send a team

TOKYO 00004715 018 OF 018

of experts today to Pyongyang to discuss concrete procedures for the disablement and draw up a plan for it.

22) DPJ Secretary General Hatoyama in Japanese-Russia forum says, "US involvement is necessary to resolve the territorial dispute"

MAINICHI (Page 2) (Full)
October 9, 2007

Naoya Sugio, Moscow

The "Japan-Russia Forum" was held on Oct. 8 in Moscow. Japanese and Russian lawmakers attended the forum. In his speech there, Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama, who headed the delegation of Japanese lawmakers, stated: "The United States is the country that historically complicated the territorial issue. We should get the US involved to resolve it." Moscow Mayor Yuri Luzhkov, head of the Russian side, however, stated: "It would difficult to resolve the territorial issue if the way to resolve the issue goes against Russia's national interests."

It is said when Japan and the then Soviet Union negotiated a joint declaration in 1956, the two countries failed to conclude a peace treaty due to Japan's refusal of resolving the territorial dispute with the return of two islands -- the Shikotan Island and the Habomai islet group -- having come under pressure from the United States.

DONOVAN